



WESTERN CONNECTICUT
HEALTH NETWORK

DANBURY HOSPITAL • NEW MILFORD HOSPITAL



**Written Testimony of Andrea Rynn
Western CT Health Network
(Danbury, Norwalk and New Milford Hospitals)
for the Finance, Revenue and Bonding Committee Thursday, March 14, 2014**

I am writing in support of SB 368, An Act Phasing Out The Hospitals Tax. The hospital tax isn't being implemented as originally passed. I am requesting that it be phased out over a five-year period.

In 2010, Connecticut balanced the state budget by imposing a hospital tax that wasn't intended to patients or hospitals. In theory and on paper, it appeared to make sense. The state taxed hospitals, returned that money to hospitals, and received a 50% federal match on the return the state made to hospitals. The state was able to balance the budget, and hospitals in the aggregate were whole.

Today's budget however, continues taxing hospitals \$350 million per year, but only returns \$249 million to hospitals in FY 2014 and \$115 million in FY 2015, with the total loss to hospitals of \$336 million over the two state fiscal years.

The hospital tax means providing care with even less resources, affecting access and services and having a negative effect on the people we are all tasked with serving.

We've made difficult choices and done extraordinary things to minimize the impact to patient care. But it remains very challenging. In the last year, we eliminated important programs and services for patients, reduced the staff salaries and benefits, reduced work hours and jobs, and postponed investments in technology and infrastructure. This is having a negative effect on our local economy. And, this is just the beginning as the tax will double this year.

SB 368 is a critical piece of legislation that would allow hospitals to build important momentum to meet the demands of reform in a progressive way that best serves our patients. It will allow us to provide high quality care and still be accountable for providing high value care.

In our progressive organization, clinicians and administration interact and plan on a daily basis regarding complex patient care needs. Planning for the longer term however, has become increasing difficult with unexpected cuts coming at hospitals from State and Federal leaders, causing great harm to our organizations, our staff and our community.

We have proposed an innovative solution that improves the situation and the quality of care by redesigning the Medicaid program with an enhanced focus on our patients. This is a value-based proposal that would reward hospitals for achieving quality objectives and investing in infrastructure to make care more effective, as well as for participating in programs to improve outcomes and share data. It is a solution for the tax.

We urge you to eliminate the hospital tax. Thank you for your consideration.

Andrea Rynn
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